



**CITY OF SCOTTSDALE
TOURISM DEVELOPMENT COMMISSION
REGULAR MEETING**

Tuesday, May 19, 2015

**Fiesta Bowl Museum
7135 E. Camelback Road, #190
Scottsdale, Arizona 85251
APPROVED MINUTES**

- PRESENT:** David Scholefield, Chairman
Ren Hirose, Vice-Chairman
Ace Bailey (arrived at 8:10 a.m.)
Linda Dillenbeck
Carl Grupp
Camille Hill
Robert McCreary
- STAFF:** Steve Geiogamah
Holli Shannon
Lee Guillory
Rachel Smetana
Brent Stockwell
Nicole Curtis
Rose Rimsnider
Cheryl Sumners
- GUESTS:** Rachel Sacco, SCVB
Rachel Pearson, SCVB
Caroline Stoeckel, SCVB
Gerald Goodman, Charles Schwab Cup
Diane Frisch, Charles Schwab Cup

1. Call to Order/Roll Call

Noting the presence of a quorum, Chairman Scholefield called the regular meeting of the Scottsdale Tourism Development Commission to order at 8:02 a.m. He welcomed Linda Dillenbeck to the Tourism Development Commission.

2. Approval of Minutes

- March 30, 2015 Regular Meeting

Chairman Scholefield suggested one change.

VICE CHAIRMAN HIROSE MOVED TO APPROVE THE MINUTES OF THE MARCH 30, 2015 JOINT MEETING WITH THE MCDOWELL SONORAN PRESERVE COMMISSION AS AMENDED. COMMISSIONER HILL SECONDED. THE MOTION CARRIED BY A VOTE OF SIX (6) TO ZERO (0). COMMISSIONER BAILEY WAS NOT YET PRESENT.

- April 21, 2015 Regular Meeting

Chairman Scholefield requested clarification noting that even though the Event Venue Fund was expended, the TDC could move additional funds into it with City Council approval.

COMMISSIONER MCCREARY MOVED TO APPROVE THE MINUTES OF THE APRIL 21, 2015 REGULAR MEETING AS AMENDED. COMMISSIONER HILL SECONDED. THE MOTION CARRIED BY A VOTE OF FIVE (5) TO ZERO (0). COMMISSIONER BAILEY WAS NOT YET PRESENT, AND CHAIRMAN SCHOLEFIELD ABSTAINED.

3. Manager Reports

a. Staff Bed-Tax Collection Report

Mr. Geiogamah reported that bed tax collections for the year are up 15% compared to the prior year. Hotel/motel sales tax revenue is up 10%. Resort/hotel retail sales tax revenue is up 6%. Resort/hotel restaurant tax collections are trending well at 11%. By sector, limited service properties are up 22% for the year, in comparison to resorts at 9%. Detailed reports on sales tax collections are available on the City of Scottsdale website: www.scottsdaleaz.gov/taxes.

b. Bed Tax Proforma

Lee Guillory explained that projections for sales tax revenue for FY2015 and FY2016 have been increased. That in turn would increase the 50% share dedicated to marketing. Any excess will flow to the carryover balance.

Mr. Geiogamah highlighted the one-time commitments on the proforma. The PRC Championship Rodeo, and Baseball City events were funded at \$75,000 each. City Council approved a \$75,000 expenditure for the FY15/16 International Visitor contract. The Event Retention and Development column indicates \$250,000, which reflects the anticipated request from the College Football Championship. The Event Support Funding Program has budgeted \$225,000. The Event Venue Fee Program has budgeted \$100,000, and the Community Event Funding is programmed at \$200,000.

Chairman Scholefield requested that the Commission set aside time to revisit the idea of accruing money in advance for potential future big events. He inquired about changes to the Fiesta Bowl agreement. Mr. Geiogamah explained that the Fiesta Bowl museum lease agreement was amended to remove the College Championship Game from the agreement.

Commissioner Hill noted that the bed tax is very strong this year because of the Super Bowl, but she questioned why an increase is projected for next year when the game will be played elsewhere. Ms. Guillory responded that the Sales Tax Audit Group based their prognostication on information received from various hotels and resorts. The forecast was included in the budget presented to City Council. She said she would look into the group's assumptions and report back. In 2015, the Super Bowl displaced revenues from the Waste Management Phoenix Open. In 2016, there will be no displaced revenues. Also, the 2016 College Football Championship Game will replace the revenues generated by the 2015 Super Bowl.

c. Smith Travel Report

Mr. Geiogamah noted that occupancy is up 2.4% year to date. The average daily rate is up 18%, and revpar is up 21%.

d. Program Updates

Mr. Geiogamah said the Commissioner received a report from Transportation Director Paul Basha on the final Day Tripper ridership numbers for the season. Chairman Scholefield noted that ridership continued to grow over the trolley's five years, though City Council voted to discontinue it.

Mr. Geiogamah reported that \$180,000 was budgeted in Community Event Funding, and \$52,000 remains for the year. The Matching Event Advertising Funding Program has budgeted \$200,00, and \$77,000 remains unused. The Event Venue Fee Program was budgeted at \$20,000, and all of the funds were expended this current year.

4. FY2015/16 Scottsdale CVB Destination Marketing Program

Commissioner Dillenbeck recused herself from discussion on Item 4.

Caroline Stoeckel, SCVB, in response to an inquiry from Commissioner Hirose, explained that the goals outlined in the report represent a minimum guarantee that the bureau agreed to provide based on the budget provided by the City. In addition, the SCVB also has established internal goals that exceed the guaranteed goals.

Commissioner Grupp inquired about the fiscal impact of tourism on Scottsdale's budget. Mr. Geiogamah responded that tourism's portion of tax collections for the City range between 20% and 25%. Rachel Sacco, President/CEO of SCVB, added that tourism is one of, if not the, most important industries in Scottsdale for a variety of reasons, beyond just the tax revenue, many of which are difficult to quantify. Mr. Geiogamah said the destination marketing guide will go before City Council on June 16.

COMMISSIONER BAILEY MOVED TO APPROVE THE SCVB DESTINATION MARKETING PROGRAM AS PRESENTED. COMMISSIONER MCCREARY SECONDED. THE MOTION CARRIED BY A VOTE OF SIX (6) TO ZERO (0). COMMISSIONER DILLENBECK RECUSED HERSELF FROM THIS ITEM.

5. SCVB Third Quarter Performance Measures Report

Mr. Geiogamah noted that the SCVB has exceeded all 13 performance measurements for the current fiscal year. Rachel Sacco, stated that, barring a disaster, the SCVB will always meet its contracted performance measures, but aims to exceed them every quarter. Next year's report will include a focus on the shoulder season for the group market, and the holiday season.

6. FY 2015/16 Event Support Funding Programs

Steve Geiogamah stated that comments received from the Commission have been applied to the revised set of funding program guidelines. Some program requirements have been streamlined or changed, such as insurance, payment schedules, and room night ratios.

Community Events

Mr. Geiogamah explained that \$15,000 is available per community event, but up to \$30,000 is available for events that meet the classification according to the strategic plan. The event working group will continue to provide recommendations throughout the year. One change was made to the funding process. The City will provide 75% of the funding once the event has been approved, the final payment will be made once the post-event report is received.

Commissioner Hill inquired whether event funding limits could be increased after the program is approved. Mr. Geiogamah responded that approval would set the budget for the year, but the event working group could propose changes to the TDC, which would then have to be approved by City Council.

VICE-CHAIRMAN HIROSE MOVED TO APPROVE THE FY2015/16 COMMUNITY EVENT FUNDING PROGRAM AS PRESENTED. COMMISSIONER HILL SECONDED. THE MOTION CARRIED BY A VOTE OF SEVEN (7) TO ZERO (0).

Matching Event Advertising Funding

Mr. Geiogamah said this program recently changed its name from the Event Support Funding Program. Event producers qualify for one of three funding tiers based on the number of room nights they generate. Threshold levels are based upon a formula that utilizes the overall average daily rate for the last calendar year, a method that eliminates seasonality. For Tier 1, the threshold level is 2,656 room nights. Tier 2 is 1,328, and

Tier 3 events must reach 443 room nights to qualify and receive funds. The event working group can make recommendations to adjust the amounts later. If events do not meet the required number of room nights in the post-event report, payments are reduced.

Commissioner Hill proposed adding a Tier 4 for shoulder season events. Commissioner Hirose suggested that additional values for shoulder season and offseason events apply to Tier 3 the same way they do for Tiers 1 and 2.

COMMISSIONER BAILEY MOVED TO APPROVE THE FY2015/16 MATCHING EVENT ADVERTISING FUNDING PROGRAM AS AMENDED. COMMISSIONER HILL SECONDED. THE MOTION CARRIED BY A VOTE OF SEVEN (7) TO ZERO (0).

Event Venue Fee Program

Mr. Geiogamah said WestWorld staff has requested a change to this program based on need. WestWorld staff proposes that this program could be expanded to provide funding to tourism driven events at WestWorld. The recommendation is to increase the budget for this program to \$100,000, and apply criteria specifically to potential WestWorld events. These events would have to generate room nights according to a calculation similar to the one used for the MEAF. The maximum amount available for tournaments at City-owned, operated or controlled venues is \$5,000. The maximum amount for events at WestWorld is \$25,000. There are bed tax funds available to support this change. WestWorld staff said this change would allow them to attract more events, particularly this summer. The contract was modified so that payments will be reduced for events that do not meet the threshold levels identified.

Commissioner Grupp inquired whether the criteria specify the types of properties utilized for room night calculations. Mr. Geiogamah responded that they do not, as the demographics vary considerably from event to event. Chairman Scholefield reiterated that should the fund be depleted when a request comes in, the TDC could always make a recommendation to City Council to move forward using carryover funds.

Commissioner Hill suggested opening up the program to other tourism-driven events as well, provided they meet the other criteria. Mr. Geiogamah responded that the program was created to attract participant-driven events that bring in a substantial number of room nights, but that doesn't mean other types of events can't be considered by the event working group as well.

Vice Chairman Hirose suggested that room night requirements be pro-rated based on the amount of funding requested by the event producers. Commissioner Grupp inquired about the methodology staff used to arrive at \$100,000 as an appropriate amount. Mr. Geiogamah explained that it was based on the amounts expended over the past few years by participant-driven events, in addition to input from WestWorld.

Commissioner Grupp proposed that instead of having to turn to City Council for amendments all the time that the amount available for this fund be raised in advance. Mr. Geiogamah recommended keeping the funding at its current amount, which was based on a need expressed by WestWorld for a quick response for this summer. Proposals for other programs related to WestWorld are in development. Commissioner

Grupp felt that the program has proven successful and should have a \$200,000 cap. Commissioner Hill noted that this program would help encourage event producers to move to WestWorld.

Commissioner Grupp noted that WestWorld is capable of using up all the available funding, leaving participant-driven tournaments, for which the fund was originally created, with none. Mr. Geiogamah agreed that could be one outcome, through the working group could monitor the fund to prevent that from happening.

COMMISSIONER BAILEY MOVED TO APPROVE THE EVENT VENUE FEE PROGRAM AS AMENDED TO INCLUDE ALL FORMS OF TOURISM DRIVING EVENTS, A PRO-RATED FORMULA FOR FUNDING BASED ON ROOM NIGHTS, AND RAISING THE BUDGET TO \$200,000. COMMISSIONER GRUPP SECONDED. THE MOTION CARRIED BY A VOTE OF SEVEN (7) TO ZERO (0).

New Event Development

Mr. Geiogamah reviewed the proposed changes to the New Event Development Program. New Event funding will no longer cover the cost of public relations, agencies or talent, which is consistent with other programs. Additional values are applied for shoulder and offseason events, as well as events that encourage animation downtown.

VICE-CHAIRMAN HIROSE MOVED TO APPROVE THE GUIDELINES FOR THE NEW EVENT DEVELOPMENT FUNDING PROGRAM AS PRESENTED. COMMISSIONER MCCREARY SECONDED. THE MOTION CARRIED BY A VOTE OF SEVEN (7) TO ZERO (0).

7. Charles Schwab Cup Tournament Proposal

Mr. Geiogamah clarified that this proposal will be evaluated based on the existing criteria, as the recommendations approved in Item 6 have yet to be approved by City Council. The PGA Tour is requesting a two-year agreement.

Gerald Goodman, Executive Director, said the PGA Tour Charles Schwab Cup Championship has just signed a 20-year sponsorship deal. The event will culminate a year-long tournament with the finals at Scottsdale's Desert Mountain Golf Club. The event will run from November 2 through 8 in 2015, and from November 7 through 14 in 2016. It will attract top name players. Live television will be broadcast in 206 countries. Last year, over 4.6 million viewers tuned in to the telecast worldwide. It is the only live golf tournament scheduled for that time of the year. The direct economic impact was between \$10 million and \$13 million last year. The event also produces indirect, induced, and dynamic impacts, which are harder to quantify. Legitimate 501(c)(3) charities receive 100% of the money for each ticket they sell. All children under 18 get in free with a paying adult. All military personnel and Scottsdale first responders are admitted free. The PGA Tour has six tours that have collectively given over \$2 billion to charity.

Mr. Goodman explained that this event provides a unique opportunity to showcase Scottsdale, and build positive brand association. Over 600 volunteers from Scottsdale

and around the nation participate in the event. Scottsdale's staff has been very helpful in guiding the producers through the process.

Chairman Scholefield requested that Scottsdale's name be featured on two static displays as a sponsor. Mr. Goodman said he would check into that. Vice Chairman Hirose requested that Scottsdale be mentioned in the weeks leading up to the event. Ms. Frisch noted that all season long the leader board is reviewed and Scottsdale will be mentioned, but she would look into whether something of a digital nature could be done.

Commissioner Dillenbeck noted that golf broadcasts frequently mention the name of the golf course but not the name of the city. She inquired about the presence of national media at media day. Mr. Goodman said the effort to get more national media to attend is constant. Commissioner Grupp inquired about hotel contracts. Mr. Goodman responded that a contract is in place to play at Desert Mountain for the next two years. Desert Mountain's charter prevents them from hosting the event for more than two years in a row, but Charles Schwab would like to be in Scottsdale permanently, so the likelihood of another Scottsdale course being chosen is high.

Chairman Scholefield said the TDC is tasked with driving business to Scottsdale, and inquired about the tournament's ability to control where organizations book their business. He said it would be easier to support the event if there were assurances that the City would get significant exposure in the media, and that groups are booking their rooms in Scottsdale hotels. Mr. Goodman responded that digital exposure leading up to the event is possible, but the existing ad panel contracts make scoreboard exposure more problematic. The two sponsors on that board spend a combined \$20 million a year. He added that PGA Tour recommends to all groups that they book in Scottsdale.

Vice Chairman Hirose requested that the Mayor's message be shown on the last day of the event. Diane Frisch, Sales Manager, said that possibility is being worked on. Mayor Lane will also be part of the awards ceremony and other events throughout the week.

Mr. Geiogamah reviewed the results of the Artigue Agency report. The report recommends that the TDC proceed with its funding as in previous years. Chairman Scholefield noted that this two-year agreement, in addition to last year's funding, will conclude the event's eligibility under the New Event Development Program under the current criteria. In future years, the producers will have to seek funding through one of the other event funding mechanisms.

COMMISSIONER GRUPP MOVED TO APPROVE FUNDING THE CHARLES SCHWAB CUP FOR THE NEXT TWO YEARS AT \$75,000 PER YEAR. COMMISSIONER DILLENBECK SECONDED. THE MOTION CARRIED BY A VOTE OF SEVEN (7) TO ZERO (0).

8. 2016 College Football Championship

This item was pulled from the agenda. A special meeting will be called on May 27 to cover this item.

9. Public Comment

French Thompson, said he owns a retail business in Scottsdale and is concerned that retail sales tax collections are rising half as quickly as the other tourism-related sectors. The hotels are full, restaurants are doing good business, but retail is not seeing the same activity. Ms. Guillory clarified that the bed tax report only tracks retail sales and restaurant sales at the resorts/hotels, not the overall retail sales tax, which are tracked in a separate category. The website has a complete report on various sales tax collections throughout the city. Chairman Scholefield requested that those clarifications be included in future reports. Mr. Geiogamah suggested that the Commission add an agenda item to discuss what tax collection data they would like to have included in the report.

Commissioner Grupp said the Commission would welcome more input from Scottsdale retailers. He represented the TDC at a meeting of the Downtown Merchants Association, but nobody showed up. Mr. Thompson said he joined the board of the Scottsdale Gallery Association and has been encouraging more participation. Downtown merchants have not paid attention to the City since the downtown liaison was pulled. More must be done by the retailers to cultivate the relationship and help the City, not just ask for favors.

Commissioner Bailey said she has been trying to get merchants more involved in the City, especially regarding tourism, because that is what downtown merchants depend on. Mr. Geiogamah stated that the City is looking to enhance the downtown program, and the TDC will receive a report at a future meeting.

10. Identification of Future Agenda Items

Mr. Geiogamah said there will be updates on the Leisure Visitor Inquiry Study and Longwoods data, possibly in June.

Commissioner Hill suggested the TDC address the issues raised by Mr. Clendenning at the April meeting. Chairman Scholefield requested staff recommendations on the proper procedures and protocol to get the item moving forward. Mr. Geiogamah said he could invite Brian Dygert to report in June, and the Commission to raise the topic then

Adjournment

The meeting adjourned at 9:52 a.m.

Recorded and Transcribed by AVTronics Inc., d/b/a AVTranz Transcription and Reporting Services